



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

October 23, 2008

Manny Marrero, Vice-President/Chief Financial Officer
Fortune Fashion Industries LLC (FFI)
4700 S. Boyle Avenue
Vernon, CA 90058

Dear Mr. Marrero:

RE: FINAL MONITORING VISIT REPORT for FORTUNE FASHION INDUSTRIES – ET07-0147

Date of the Visit:	10/23/08
Beginning/Ending Time:	9:30 a.m. – 12:30 p.m.
Date of Last Visit:	06/30/08
Visit Location:	Vernon
Persons in attendance:	Manny Marrero, VP/CFO, FFI Adeline Gallegos, Executive Assistant, FFI Margarita M. Paccarelli, ETP Contract Analyst
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	09/28/06 – 09/27/08	Agreement Amount:	\$315,000
Training Start Date:	09/28/06	No. to Retain:	350
Date Training must be Completed:	06/27/08	Range of Hours:	24 - 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	50

FINAL REPORT SUMMARY

• HISTORY OF AGREEMENT CHANGES

The Agreement was executed on November 2, 2006 and training began on September 28, 2006. Ms. Gallegos reported that all training was completed on June 27, 2008, which allowed for the 90-day retention period to be completed within the term ending date of the Agreement – September 27, 2008.

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- **FINAL PROJECT STATISTICS**

Your Agreement contains a variable training plan, which means that reimbursement will be based on the total actual number of training hours completed by each trainee between 24 and 160 training hours. There will be no reimbursement for any trainee who does not complete a minimum of 24 hours of training from the approved curriculum.

Based on the data obtained from the ETP Online Tracking System, there are 82 trainees who met the minimum class/lab training hours. However, six trainees did not meet the minimum wage requirement. With 77 trainees who completed training and the retention requirements, the projected earnings will be \$88,746 (28% of the Agreement amount). Since your company has received \$21,530.25 in progress payments, you will receive an additional \$67,215.75, if the anticipated number to retain is verified during the final fiscal closeout.

During this visit, Ms. Paccereilli provided Ms. Gallegos technical assistance on how to do the final contract closeout. She walked her through the invoice process online. The progress payment and final invoice were completed during this visit. Since this contract has ended, Ms. Gallegos was advised that all remaining active trainees must be dropped from the contract.

- **INTERVIEW WITH CONTRACTOR'S REPRESENTATIVES**

You informed the Analyst that the low completion rate was due to problems with the new system when it went live on January 2007. There have been so many system problems, that the company replaced the software developer/consultant. It took the new developer several months to fix the system and training did not pick up until the end of 2007, at which time, there was only six months left in the contract to provide training.

Although the company did not complete 100 percent, you stated that the training provided the employees the knowledge in the new system, which made it easy for them to transition from the old system. You also stated that the training improved trainee efficiency, improved maximum return of investment, and allowed the company to have better control of the business.

Ms. Gallegos reported she did not experience any problems with ETP record keeping and that ETP staff was very helpful in providing technical assistance in the administration of this Agreement.

PROJECT STATISTICS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	265	Currently in Training:	0
Trainees Enrolled:	265	Completed Training:	82
Dropped Following Enrollment:	83	Completed Retention:	77

The project statistics provided by your staff matches those listed on the ETP Contract Status Report.

TRAINING RECORDS

At the last visit, Ms. Paccereilli cited several training records that did not meet ETP requirements. These records were corrected by your staff and reviewed by the Analyst during this visit. The corrected records were found to be in conformance with ETP requirements.

In addition to the above records, The Analyst also conducted a random sampling of 15 trainees who completed training. Records show that these trainees completed between 24 and 200 total training hours and the completed hours matches those posted on the ETP Online Tracking System. Records reviewed also confirmed that the Agreement curriculum was provided as specified and the ratio of trainer to trainee delineated in the Agreement training plan was adhered to.

The above findings are based only on the training records reviewed during this visit and represent only a sample of the training records completed to date. Therefore, it is your responsibility to ensure that all training records comply with Panel requirements for auditing purposes. (Reference: Title 22 California Code of Regulations, Section 4442)

AUDIT

Your company will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk review. These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters.

To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Margarita Paccereilli at (818) 755-1317 or by email at mpaccereilli@etp.ca.gov within ten (10) working days from the receipt of this report.

Sincerely,

Signature on file

Dolores Kendrick, Manager
North Hollywood Regional Office

Signature on file

Margarita M. Paccarelli, Contract Analyst
North Hollywood Regional Office

cc: David Guzman, Chief, ETP Program Operations Division (via email)
Kulbir Mayall, Manager, Fiscal and Certification (via email)
Master File
Project file

Date report mailed to Contractor: 10/29/08